

CAPITAL IMPROVEMENT PROGRAM REVIEW

TO: Planning Commission

FROM: Sara Hartzell, Planning Department

SUBJECT: DRAFT FY 2006/07-2011/12 Capital Improvement Program

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COPIES: Mayor Seng, Mayor's Capital Improvement Advisory Committee, Kent Morgan

MEMO ONLY: City Directors, County Budget Office, Media

This memorandum and accompanying document represent the Planning Commission Review Edition of the City of Lincoln's FY 2006/07-2011/12 Capital Improvement Program (CIP). (*The Planning Commission Review Addition of the 2006/07 - 2011/12 CIP is available online at <<http://www.lincoln.ne.gov> >* Keyword: cip)

This memorandum is divided into the following two major sections: (1) Background and Introduction, including consideration of the City Charter specified tasks of the Planning Commission in review of the draft CIP, and review of other factors regarding the development of the draft CIP; and, (2) Capital Improvements Program Departmental Review, including a department by department examination of projects and Comprehensive Plan conformity.

1. BACKGROUND AND INTRODUCTION

This section of the memorandum considers a range of topics relating to the City's CIP review procedures. These topics are as follows:

- A. Planning Commission Review Requirements
- B. Conformity Standards and Criteria
- C. Capital Improvements Definition
- D. Unified CIP and TIP
- E. General Obligation (GO) Bonds
- F. Project Scheduling

A. Planning Commission Review Requirements

In accordance with Article IX-B, Section 7, of the Lincoln Charter, city departments and agencies have submitted their six-year capital improvement requests to the Planning Director for compilation into the attached draft document. *The Planning Commission's task is to now review these individual capital requests to determine their conformity with the approved Comprehensive Plan.* Your comments will then be forwarded to the Mayor's Capital Improvement Advisory Committee (CIAC), and then to the City Council for consideration during their upcoming budget deliberations.

The City Charter's discussion of Comprehensive Plan conformity relative to the capital improvement program is two fold. First, on several occasions the Charter stresses the importance of ensuring that Comprehensive Plan conformity is determined before capital projects are approved by City Council. One entire section of the Charter (i.e., Article IX-B, Section 6) deals exclusively with this issue. It states in part,

"No ordinance, or resolution, which deals with the acquisition, extension, widening, narrowing, removal, vacation, abandonment, sale or other change relating to any public way, transportation route, ground, open space, building or structure, or other public improvement of a character included in the comprehensive plan, shall be adopted by the council until such ordinance or resolution shall first have been referred to the planning department and that department has reported regarding conformity of the proposed action to the comprehensive plan."

The section goes on to outline procedural steps and time lines for fulfilling this requirement. (Please note that the Charter defines the term "planning department" as including the Commission, Planning Director and staff).

Second, while this directive is echoed throughout various portions of the Charter, it is mitigated by the procedural condition that the Commission's conformity finding is merely advisory. Regardless of the Commission's recommendation, the City Council can approve -- through ordinance or resolution -- any capital improvement, provided that other Charter budgetary requirements and processes are met.

In addition, while the Charter calls for a six year capital improvement program, *the City Council only approves a one year capital budget*. Although it is designed to express the City's longer term capital funding intent, the CIP projects document is never adopted in full. Thus, the impact of the Commission's Comprehensive Plan conformity determination is further narrowed to the first year of the CIP.

This is not, however, to suggest that the Commission's findings on the remaining years of the CIP are not without significance. Concerns raised about projects in the second through sixth year are used by elected officials and staff in the formulation of future CIP's and other departmental level capital programming documents.

Also as discussed later in section 1.D, revised Federal guidelines now require that projects included in the local area Transportation Improvement Program (TIP) be consistent with the area's long range transportation plan. This adds substantial meaning to the Commission's findings of conformity for transportation projects since the CIP projects are included in the local and State TIP. If a project is determined to be "not in conformance," Federal standards will require that it be dropped from the TIP until the project is modified and its status changed to be in conformance, or the Comprehensive Plan is amended to incorporate the project.

B. Conformity Standards and Criteria

The City Charter provides only minimal guidance to the Planning Commission and staff in judging Comprehensive Plan conformity. Specifically, the Charter states that the CIP document "...shall describe the *character and degree of conformity and nonconformity* of each project as it relates to the comprehensive plan."

At various places within the Charter this mandated review is asserted, including "special report" provisions when capital projects are brought forth by departments independent of the regular capital improvement

programming process. However, throughout the Charter's discussion on the CIP and its review and approval process, no additional standards or criteria are articulated to assist in concluding Comprehensive Plan conformity.

Historically, the Commission and planning staff have utilized a four tiered system in defining "character and degree of conformity or nonconformity:"

ICWP -	In Conformance With Plan
GCP -	Generally Conforms With Plan
NICP -	Not In Conformance With Plan
NIP -	Not in Plan

The range of factors that are used by staff in formulating a recommendation of conformity or nonconformity generally included:

Explicit Reference and Plan Intent - Many of the projects proposed in the CIP are explicitly identified in the Comprehensive Plan, either on a map and/or in the text. In such cases, a finding of Plan conformity -- assuming other criteria are met -- is easily established. An even larger number, however, are not shown, but their desirability, and thus assumed conformity, is implied. For example, the Plan does not get into such detail as the installation of a water fountain or play equipment in a specific City park. The City park may be shown on a map in the Plan and the intent of maintaining such a park is implicit in the Plan's goals and textual descriptions. Thus, at a minimum, a finding of general conformity would be proposed.

Location - The vast majority of capital improvements are site specific. Streets, water mains, fire stations, and sewer treatment facilities are all examples of capital projects where an expressed location can be determined. Fire fighting equipment, on the other hand, is mobile and its use cannot as easily be tied to a physical site within the City.

The importance of location as a criteria has increased as we attempt to be more explicit in how we show public improvements in the Comprehensive Plan. In most cases, it is extremely helpful to have this level of detail for purposes of comparison. Conversely, such detail can become a liability as the exact location and dimensions of many capital improvements are justifiably altered as a project is refined for eventual construction.

A further element of judgement is then introduced as to the "degree" to which a proposed project may vary from how it is shown or described in the approved Plan. Is the proposed project in the exact location expressed in the Plan? If not, how and why is it different? And is that difference significant enough to render it in "nonconformity" with the Plan? Or was some degree of modification of such a project implied (i.e., accepted) as part of the Plan's approval?

Size, Scale and Scope - The Plan's descriptions of capital projects can vary from the very explicit (i.e., four through lane roadway, left turn lanes, raised medians, 100 ft. ROW), to the very general (i.e., a community park within a sector of the city.) Once again, as the Plan

becomes more detailed, those charged with the responsibility of recommending findings of Plan conformity will find both benefits and liabilities in the Plan's level of specificity.

- # **Timing** - With the incorporation of the phasing element (Tiers) into the Plan, the issue of when a public capital improvement is brought forward for development becomes increasingly significant. The availability of public infrastructure (e.g., sewer services, roads, water, fire protection) plays a pivotal role in determining where and when private capital investment might occur. Added to this is the lengthy lead time often needed in planning for and constructing public improvements.

If a department proposes a project that explicitly varies from a development scheduled outlined in the Plan, then a status of "not in conformance" is implied. Where such information is less explicit (i.e., no detailed schedule is included), then the timing issue must be related to the phasing plan and the project's impact on maintaining the integrity of that element of the Comprehensive Plan.

- # **Project Definition and Description** - A last factor used in reviewing Plan conformity is the representation that the department makes of the specific project. This is typically done within the CIP in the "Project Summary and Justification" section and the project description presented on Form A. This, in combination with information such as that outlined above, helps the reviewer form a broader understanding the content and context of the proposed capital improvements. This in turn can be used in assessing conformity with the policies and directives contained in the Comprehensive Plan.

C. Capital Improvements Definition

In preparing the CIP, the City Charter defines "*capital improvements*" as consisting of the following:

"...the acquisition of real property; the acquisition, construction, reconstruction, improvement, extension, equipping, or furnishing of any physical improvement, but not routine maintenance work thereon; and equipment with a *probable useful life of fifteen or more years.*"

This definition has served as the basis for the development of the attached document. The term "Fiscal Year" (FY) as used in this document refers to the City's fiscal year that runs from September 1st through August 31st of the following year.

D. CIP and TIP

Federal regulations require the development of a "transportation improvement program" (TIP) for metropolitan areas such as Lincoln. Similar in character to the City's CIP, the TIP is a multi-year, capital improvement programming document. It is used to help coordinate the implementation of transportation projects within urbanized areas. The Lincoln TIP, for example, includes transportation projects for various levels of government (i.e., Federal, State, County, City), and for various modes of transportation (i.e., streets, airports, transit services.) It also serves as input into the State's TIP (STIP) that is used to coordinate transportation improvements for the entire State of Nebraska.

In years past, projects from the City's CIP have been incorporated into the Lincoln TIP following adoption of the CIP by the Council. Because of changes in Federal public involvement regulations and the desire locally to ensure that projects are properly coordinated between the two programming documents, it was decided several years ago that the two processes (i.e., formulation of the CIP and TIP) should be merged.

E. General Obligation (GO) Bonds

A relatively common funding source for City capital projects is the "general obligation (GO) bond." Unlike certain other forms of bonds, the City Council and Mayor cannot unilaterally issue GO bonds. The issuance of GO bonds is dependent upon the prior approval of the electorate of Lincoln. GO bonds have in the past been programmed for only those years having regularly scheduled City elections. For this CIP, the policy has been altered to include any regularly scheduled election – for the purpose of eliminating the City's expense of a special election. The upcoming regularly scheduled elections over the six years of this CIP include the following:

<u>Fiscal Year</u>	<u>Election Date</u>	<u>Election Type</u>
FY 06-07:	Nov. 2006	State/Congressional General
	April 2007	City Primary
	May 2007	City General
FY 07-08:	May 2008	Presidential Primary
FY 08-09:	Nov. 2008	Presidential General
	April 2009	City Primary
	May 2009	City General
FY 09-10:	May 2010	State Primary
FY 10-11:	Nov. 2010	State Congressional General
	April 2011	City Primary
	May 2011	City General
FY 11-12:	May 2012	State/Congressional/Pres. Primary

This schedule effectively means that GO bonds may be shown in any of the six years of the CIP.

Additionally, since the process of election, issuance of bonds, and the beginning of a project is likely to take several months, the FY in which the bond election is held may not be the same year that the project is actually begun.

F. Project Scheduling

Maps included in the CIP typically indicate a project number and often an associated fiscal year. The fiscal year designation should not be taken as an automatic indicator of when a particular facility will be finished and opened for public use. In certain cases, large scale capital projects take years to complete. The reader should consult the more detailed information contained on the Forms A and B for a better indication of exactly when a particular capital project is likely to be completed. And even with this, please be aware that other scheduling contingencies may occur that can alter the management and completion of the project.

II. CAPITAL IMPROVEMENTS PROGRAM DEPARTMENTAL REVIEW

The balance of this memorandum presents a department by department review of capital programs for the FY 2006/07-2011/12 time period. This includes a general staff discussion of recommended Comprehensive Plan conformity status for each department. The actual project-by-project recommendations are to be found in Column 9 of the Form B for each department. As with past CIP reviews, the four categories of conformity status mentioned earlier were used in this year's CIP document.

Table 1 displays the total proposed capital funding by departments over the six year programming period. Total dollar amounts by funding source are shown in Table 2. General revenue fund usage is presented in Table 3, while projected General Obligation (GO) bonds are presented in Table 4.

The balance of the memorandum considers the requested six year capital programs of each department. They are presented below in the same order as in the draft CIP document that follows this memorandum.

A. FINANCE DEPARTMENT

The Finance Department's capital improvements program submittal this year targets improvements to Pershing Auditorium and the Communications/911 Center and operations.

1. Pershing Auditorium

Pershing Auditorium's proposed capital improvements program includes funds for the continued refurbishing and renovation of the Auditorium over the six-year period. A series of major capital projects are proposed for consideration in the second year using general obligation (GO) bonds. This \$1,267,000 undertaking includes installation of a passenger elevator and electronic entry doors, exterior building work, replacement of the Auditorium's chiller, and an asbestos abatement program. The elevator and electronic entry door projects are being done to meet Federal Americans With Disabilities Act (ADA) requirements. General Revenue funds are requested for continuing refurbishment and renovation of Pershing.

All of the projects included in the Pershing Auditorium's CIP were found to be in general conformance with the Comprehensive Plan.

2. Communications/911 Center

The proposed Communications/911 Center CIP includes eight projects designed to enhance operations over the six-year period. These projects include: (1) remodel of the City radio shop; (2) upgrade of digital communications; (3) remodel of the 911 Communications Center; (4) new Emergency Communication Center; (5) upgrade radio system; (6) public safety responder locating project; (7) Communications Command post to provide support in the field; and (8) Emergency Notification System (reverse 911)

All of the projects included in the Communications/911 Center's CIP were found to be in general conformance with the Comprehensive Plan.

B. FIRE & RESCUE DEPARTMENT

Lincoln Fire and Rescue Department's proposed CIP submittal includes four projects. General obligation (GO) bonds are requested in the first four years of the six year CIP for these projects. These projects involve three new fire stations (located at approximately 7000 N.27th Street, S. 27th and Rokeby Rd., and 56th and Cavvy Road), and improvements to the educational, training and fleet service campus to enhance operations.

All of the projects included in the Fire Department's CIP were found to be in full or general conformity with the Comprehensive Plan.

C. PARKS AND RECREATION

Proposed capital improvements to the City's parks and recreation system are projected to cost around \$54.9 million over the six-year period. General obligation (GO) bonds, general revenue, keno funds, transportation enhancement funds, and impact fees account for the majority of the funds programmed for the CIP. A new funding category has been added this year: TA (Tree Assessment). This is a dedicated citywide special

assessment to fund the cost of replacing public street trees as they are removed due to damage, structural deficiency or disease, and to replace the current deficit of street trees in the estimated 12,000 “gaps” along public streets. Funds from private sources are also being shown for a substantial portion of the six year improvement program. Golf capital improvement funds, and athletic fees account for the balance.

A general obligation (GO) “Quality of Life Bond Issue” request amounting to \$10.4 million is requested for 2007/08 for recreation center space with schools, renovation of seven existing pools, and replacement and upgrade of the central section of the Billy Wolff Trail (27th to A Streets).

The first year Parks and Recreation program includes \$5.5 million in capital projects, including \$2.6 million in projects involving “Other Financing.” A significant amount of funds in the “Other Financing” category are from private donations and grants. The largest new projects sponsored by the Parks and Recreation Department include the Quality of Life Bond Issues, Cavett Connector Trail, and several new neighborhood parks to serve new development.

All projects included in the Parks and Recreation Department's CIP were found to be in full or general conformity with the Comprehensive Plan.

D. PUBLIC WORKS

The Public Works Department's capital program includes projects for five divisions: (1) StarTran; (2) Parking; (3) Streets and Highways; (4) Watershed Management; and (5) Street Maintenance Operations.

1. StarTran

StarTran's six-year, \$11 million proposed capital improvement program is funded largely through Federal transportation money, with the balance coming from City general revenue funds and special reserves. The largest single capital item is the financing of the purchase of 50 full-size buses over the six-year period. Notable first year projects include enhancement of the Automatic Vehicle Locator (AVL) system.

All of the projects in StarTran's CIP were found to be in general conformance with Comprehensive Plan.

2. Business Office Parking

The Business Office Parking section of the Public Works Department's CIP includes on-going renovations and enhancements to existing parking facilities, and the development of a new parking facility to support ongoing parking demand for redevelopment efforts in Antelope Valley or Haymarket for funding in 2008/09. A number of maintenance and improvement projects are included in the 2006/07 fiscal year and through-out the six-year period.

While public parking facilities as individual projects are not explicitly addressed in the Plan, there are numerous references to the desirability of maintaining adequate Downtown parking, including a strategy that states: “Continue and enhance a comprehensive approach to managing and maintaining Downtown parking, encompassing public and private parking facilities, on-street parking, and fines.”

All of the projects in the Parking's CIP were found to be in general conformance with the Comprehensive Plan.

3. Streets and Highways

The Streets and Highways capital program proposed by Public Works identifies 34 projects totaling \$193.7 million over the six year programming period, a decrease over past CIPs. These projects range from resurfacing projects, pedestrian facilities to the construction of major new roadway facilities.

With the adoption of the 2025 Comprehensive Plan in May 2002, a list and maps of specific street projects were included as part of the Plan. The "Streets and Highways" CIP submittal has been closely coordinated with the 2025 Comprehensive Plan which was used in determining Comprehensive Plan conformity.

A variety of Federal, State and City revenues are utilized to fund the program, including Impact Fees that were adopted in January 2003 and began June 2, 2003. The Streets and Highway program requires new and increased revenues over the six-years to fund all the projects shown.

The notable projects in the first year include continuing the Antelope Valley roadway improvements; 'O' Street, from 42nd to 52nd Streets; 48th and Huntington intersection; Harris Overpass; Southwest 40th Viaduct; preliminary work on the East Beltway Project; Adams and Northwest 12th Street bridge; and the City's contribution to the South Beltway.

All of the projects included in the Streets and Highways' CIP , with the exception of the East Leg of the "Big X" in Antelope Valley which is brought before you today for a Comprehensive Plan Amendment, were found to be in full or general conformity with the Comprehensive Plan.

4. Watershed Management

The proposed Watershed Management CIP contains approximately \$46.3 million in improvements over the six year period. The passage of three general obligation (GO) bond issues (in FY 2006/07, FY 2008/09 and FY 2010/11) would constitute the bulk of the funding for these improvements -- currently proposed to be near \$37.6 million. The remaining watershed management projects are proposed to be funded through General Revenue funds and Other Financing. These projects include city subsidy to storm drainage construction in paving districts, preliminary planning efforts, miscellaneous storm sewer improvements, implementing best management practice (BMP) projects, and the continued development of a Comprehensive Master Storm Water Management Plan.

All of the proposed projects in Watershed Management's CIP were found to be either in full or general conformity with the Comprehensive Plan.

5. Street Maintenance Operations

The Street Maintenance Operations' proposed CIP involves the upgrade of the facility at 3180 South street to correct drainage issues and increase salt storage capacity; replacement and upgrade of Gasboy sites; and the replacement of the 32nd and Baldwin facility as part of the Antelope Valley Project and the 901 N. 6th Street facility as part of the future Haymarket Ballpark expansion.

The projects contained in the Maintenance's CIP request was found to be in general conformance with the Comprehensive Plan.

F. PUBLIC UTILITIES

The Public Utilities section is divided into three major areas: (1) Water Production and Distribution; (2) Wastewater; and (3) Landfill. The Water and Wastewater CIP's are based on additional funding over the six-year program, more than could be achieved with the current utility rate. Utility rate increases would be required to implement these CIP's.

1. Water Supply and Distribution

The proposed Lincoln Water System CIP contains approximately \$107.8 million in water supply, treatment, storage and distribution improvements over the six-year period. Included in this year's submittal are projects intended to enhance water services to the existing City, while others will serve developing areas of Lincoln. The CIP has been prepared based upon information and recommendations contained in the 2025 Comprehensive Plan and 2002 Lincoln Water System Facilities Master Plan. Funding sources for projects include developer contributions, revenue bonds, utility revenues, and impact fees.

Notable first year capital projects include new storage reservoirs, major transmission lines and selected replacement of mains, and subsidies for new distribution mains in growth areas.

All of the proposed projects of the Lincoln Water's CIP were found to be in general conformance with the Comprehensive Plan.

2. Wastewater

The proposed Lincoln Wastewater CIP contains approximately \$78.2 million in projects, encompassing both the Theresa Street and Northeast Treatment Plants, construction of new sanitary sewer mains, and the selective replacement of existing mains over the six-year period. The CIP has been prepared based upon information and recommendations contained in the 2025 Comprehensive Plan and 2003 Lincoln Wastewater Facilities Plan. Funding sources for projects include developer contributions, revenue bonds, utility revenues, and impact fees.

Notable capital projects include the completion of the Salt Valley Basin Relief Sewer, Oak Creek Basin Relief Sewer, the Beals Slough Basin Relief Sewer, West 'O' Street sewer extensions, Stevens Creek Basin trunk sewer, site acquisition for Southwest Wastewater Facility, Theresa Street and Northeast Treatment Plant capacity and upgrade improvements.

All of the projects in the proposed Wastewater's CIP were found to be either in full or general conformance with the Comprehensive Plan.

3. Sanitary Landfill

Proposed capital improvements for the Sanitary Landfill include projects related to the Bluff Road Sanitary Landfill, the North 48th Street Landfill and Transfer Station, and the Solid Waste Management System. The CIP totals approximately \$17.9 million over the six-year period.

All of the projects in the proposed Sanitary Landfill's CIP were found to be in general conformance with the Comprehensive Plan.

G. URBAN DEVELOPMENT

The Urban Development Department's Administration Division proposed CIP includes nineteen projects totaling \$19.5 million over the six-year period. The majority of funding for the program consists of Community Improvement Financing (or Tax Increment Financing), Community Development Block Grant, City General Revenue funds, and Other Funding. Federal Aid, Transportation Enhancement funds, Land Sale Proceeds, and Advance Acquisition funds make up the remainder of the funding.

Notable projects include the Downtown Master Plan, Antelope Valley Community Revitalization and Redevelopment Plan, continued North 27th Street Redevelopment, 48th & "O" Street Redevelopment, Havelock and University Place Redevelopment/ Revitalization activities, West "O" Street Revitalization, and other redevelopment activities.

The Urban Development CIP was found to be in full or general conformity with the Comprehensive Plan.

H. LINCOLN ELECTRIC SYSTEM

The Lincoln Electric System's proposed \$359.3 million capital program embodies a substantial investment in electrical power supply and distribution for the community over the six-year period. Power supply constitutes almost half of the total amount at \$167.7 million, with the major components being LES's investment in the Council Bluffs No. 4, Regional Coal #1 Generating Station, and a new Salt Valley #5 combustion turbine..

The Lincoln Electric System CIP was found to be in full or general conformity with the Comprehensive Plan.

I. LINCOLN CITY LIBRARIES

The Lincoln City Libraries are proposing six projects in the six year CIP. The largest single project of the Department's proposed \$51 million capital improvement program is the replacement of the Bennett Martin Library in FY 2011/12. This project is proposed for a general obligation (GO) bond in the sixth year of the CIP. In FY 2006/07 a branch library is proposed in conjunction with the construction of a new Arnold Heights School. This 3.2 million project will be funded using Lease Purchase Financing. All other projects involve maintenance activities utilizing General Revenue funding.

The Lincoln City Libraries' CIP was found to be in general conformance with the Comprehensive Plan.

J. AGING

The Aging Division are proposing two projects in the six years of the CIP programming period. The capital program for the Aging/Community Services Division of the Mayor's Office, totaling approximately \$2.8 million for the construction of a new Northeast Community Center, and preliminary work for a new South Senior Center. The Northeast Community Center is programmed for the second and third year of the CIP. The proposed Senior Center in South Lincoln is programmed for the fourth year and involves preliminary design. Funding for the program consists of City General Revenue funds, money from Lancaster County, and Other Funding made up largely of private donations. No funds are requested in FY 2005/06.

The Aging/Community Services Division CIP was found to be in general conformance with the Comprehensive Plan.

K. CITY-COUNTY HEALTH DEPARTMENT

The City-County Health Department did not submit a capital improvement program for 2006/07 to -2011/12.

L. POLICE DEPARTMENT

The proposed capital program for the Police Department involves three projects – relocation of the LPD K9 Training Facility, a study for a new assembly station in south Lincoln and a Master Plan for the Police Garage. The first project is shown in 2006/07 using General Revenue to relocate a structure donated by the Airport Authority to a new location near the existing LPD firearms training facility. The other two projects are shown as studies in fiscal year 2008/09 of the CIP, totaling \$80,000.

The Police Department CIP was found to be in general conformance with the Comprehensive Plan.

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